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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 001658

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E.O. 12958: DECL: 05/29/2018  
TAGS: [PREL](#) [PGOV](#) [ECON](#) [EINV](#) [ETRD](#) [SENV](#) [KNNP](#) [TH](#) [BM](#)  
SUBJECT: AMBASSADOR AND DEPUTY PM DISCUSS POLITICAL  
SITUATION, BURMA, AND DEVELOPMENT ISSUES

Classified By: Ambassador Eric G. John, reason: 1.4 (b) and (d).

SUMMARY

1. (C) Deputy Prime Minister Sahas Bunditkul told the Ambassador May 28 that he expected a degree of "turbulence" as Thailand readjusts to having an elected government, but he did not expect serious problems affecting stability. The Ambassador highlighted foreign investor concerns about the political climate and recommended a transparent, inclusive, and methodical approach to constitutional amendment. The Ambassador thanked Sahas for RTG cooperation on cyclone relief efforts, noting that the time would also come to refocus on political reform in Burma. Sahas discussed the RTG's proposed megaprojects relating to mass transportation and infrastructure, and he showed enthusiasm about nuclear power. Citing King Bhumibol's concern about food supplies, Sahas said Thailand would only cautiously produce biofuels. He offered little substantive response to the Ambassador's commendation of agricultural products engineered with biotechnology. Septel will report the Ambassador's advocacy during this meeting on behalf of the Engine Alliance. End Summary.

POLITICAL STABILITY

2. (C) The Ambassador paid his first formal call on Deputy Prime Minister Sahas Bunditkul on May 28. (As one of six Deputy PMs, Sahas is responsible for the following Ministries: Transportation, Natural Resources/Environment, Energy, and Science/Technology.) The Ambassador, highlighting the concern of foreign investors about the political climate, asked Sahas' view of constitutional amendment, the recent demonstrations by opponents of amendment, and coup rumors. Sahas said that Thailand was in a period of transition, following the return of an elected government. There was always resistance to change, and he expected some "turbulence," but Sahas said the ruckus would soon die down, and he did not anticipate a serious problem.

3. (C) Sahas declined to speculate about constitutional amendment processes, saying that Prime Minister Samak had the lead on this matter. Samak was listening to all parties' views, and he was discussing modalities with the government's legal advisors. When and how Samak would move forward with constitutional amendment remained unclear, Sahas said.

4. (C) There was pent-up foreign investor interest in

Thailand, the Ambassador remarked, but political instability could delay this from materializing. When Sahas asked the Ambassador for advice on the amendment process, the Ambassador encouraged a dialogue between the government and its opponents, and a transparent and methodical process.

#### BURMA

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15. (C) The Ambassador said he appreciated Prime Minister Samak's accessibility, especially when the Ambassador had sought to discuss cyclone Nargis' impact on Burma and to urge that Samak use his good offices to encourage the GOB to allow foreign aid and foreign aid workers to enter the country. While the USG remained focused on the humanitarian crisis in Burma, once the crisis passes, it would be important for all concerned countries to press for political reform. The Ambassador also deplored the recent GOB decision to extend the detention of Aung San Suu Kyi. Sahas said he would convey the Ambassador's views to Samak.

#### MEGAPROJETS AND BIOFUELS

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16. (C) The Ambassador explained that his strategic goals included helping to promote good governance, encouraging the protection and welfare of refugees, and promoting both Thai and U.S. economic growth. The Ambassador asked Sahas' view of the megaprojects currently contemplated by the Samak administration. Sahas explained in detail his hopes to expand mass transportation infrastructure in Thailand,

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including efforts to expand rail links to Burma and Laos. Sahas noted that some previously-suspended financing for expansion of one line of the Bangkok sky train system had been secured from the Japan Bank for International Cooperation, while financing for other projects remained to be determined. Expanding mass transportation would help Thailand cope with rising oil prices, Sahas said.

17. (C) Another way to cope with the high price of oil would be by developing nuclear energy, Sahas observed. Toward that end, he had recently visited a nuclear power plant in England. He praised certain elements of the English plant's design but noted that, in part because of concerns raised by NGOs, the RTG would have to initiate a public relations campaign to build up public support for any Thai nuclear power plant.

18. (C) The RTG also planned to expand irrigation in the Northeast, Sahas said, arranging for water supplies either from Laos or from the Mekong river. If the RTG were to divert water from the Mekong river, the RTG would follow all international regulations about the river's use. The RTG's aim in expanding irrigation would be to increase rice cultivation. Citing concerns of King Bhumibol, Sahas explained that the RTG would seek to ensure that Thailand would not expand biofuel production to the extent that it would affect the country's food supply. Sahas commented that the RTG could make gasohol from sugarcane and tapioca, which grew in areas not suitable for rice, but the production of biodiesel would require palm oil, which would could directly displace rice and fruit cultivation.

#### BIOTECHNOLOGY

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19. (C) The Ambassasdor noted that, with high food prices in world markets, certain U.S. plant products engineered with biotechnology held the potential to increase farming efficiency. Sahas admitted he was not especially knowledgeable about biotechnology, but he understood that the U.S. and the EU sometimes had divergent perspectives on the matter. Securing widespread public support would help to pave the way for biotechnology exports, Sahas advised.

COMMENT

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¶10. (C) PM Samak does not appear to have a large circle of allies and advisors, but Sahas is said to be one of Samak's closest confidants. Nevertheless, Sahas, who has an engineering and accounting background and is not a member of Samak's People's Power Party, clearly was more confident in discussing transportation and biofuels than he was in addressing the political climate. It is unclear whether there is anyone Samak views as a loyal ally who might advise him on how best to steer the constitutional amendment process forward.  
JOHN